

ORIGINAL

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

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Special Services Fees and Classifications) Docket No. MC96-3

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS SUSAN W. NEEDHAM
(OCA/USPS-T8-35-37)
(July 26, 1996)

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents. Instructions included with OCA Interrogatories 1-4 to the United States Postal Service dated June 19, 1996, are hereby incorporated by reference.

Respectfully submitted,

Gail Willette

GAIL WILLETTE

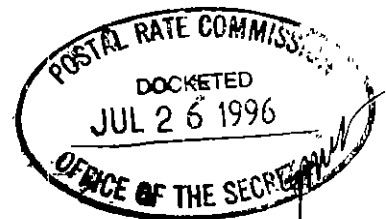
Director

Office of the Consumer Advocate

Shelley Dreifuss

SHELLEY DREIFUSS

Attorney



OCA/USPS-T8-35. The following table includes information provided in your testimony at 106 and data provided for postal cards in USPS Cost Segments and Components reports, stamps and dispensers, cost segment 16.

FY	Govt. Postal Cards Mfg. Costs	USPS Cost Seg. & Components Rpt. Stamps and Dispensers <u>Cost Segment 16</u>
1989	\$4,913,678	\$4,914,000
1990	\$4,361,220	\$4,361,000
1991	\$4,927,198	\$4,927,000
1992	\$3,774,841	\$3,775,000
1993	\$4,156,707	\$4,157,000
1994	\$3,077,873	\$3,078,000
1995	\$4,352,568	\$4,353,000

- a. Does a relationship exist between the cost data provided in your Table XXIX entitled Government Postal Cards Manufacturing Costs, Source USPS LR-SSR-106 at 6, and the FY 1989-95 data provided in cost segment 16, stamps and dispensers, the USPS Cost Segments and Components report? If a relationship exists, please identify the type of relationship.
- b. The following refers to part a of this interrogatory. If a relationship between the data exists, please explain why your testimony refers to a specially created library

reference as opposed to a report readily available to the Postal Service and on file with the Postal Rate Commission.

- c. The following refers to exhibit USPS-T-5H at 49. Please confirm that cost segment 16, stamp and dispenser postal card costs are \$3,760,000. If you do not confirm, please explain.
- d. The following refers to exhibit USPS-T-5J at 15. For FY96 proposed rates (with mix), please confirm that postal card volume is 421,302,000. If you are unable to confirm, please explain.
- e. The following refers to parts c and d of this interrogatory. Please confirm that the unit manufacturing cost is \$0.008925, when USPS witness Patelunas' stamped card manufacturing costs and volumes are used $(\$3,760,000/421,302,000 = \$0.008925)$.
- f. The following refers to part e of this interrogatory. Assume that the unit manufacturing cost of a stamped card is \$0.008925. Please confirm that a proposed fee of \$0.02 yields a stamped card cost coverage of 224 percent $(\$0.02/\$0.008925)$. If not, explain.

- g. The following refers to your testimony at 107. Please confirm that FY 1996 stamped card manufacturing costs are \$4,950,000. If you do not confirm, please explain.
- h. Please explain why the stamp and dispenser postal card costs identified in part c of this interrogatory differ from those identified in your testimony.
- i. Please take into account your responses to parts a - h of this interrogatory and your testimony at 106-07. Please confirm that your addition of postal card manufacturing costs results in double counting those costs. If you are unable to confirm, please explain.

OCA/USPS-T8-36. Your testimony at 103-04 indicates that,

given the associated 'bargain' with postal cards, the Postal Service recently decided to review current manufacturing costs of postal cards and analyze the value of service associated with the general design of a postal card and the convenient feature of pre-affixation of postage.

In your testimony at 104, you refer to USPS LR-SSR-106 at 7-13, and state, "The first article in Postal World describes the beneficial features of postal cards." Postal World also identifies prestamped postal card limitations.

- a. Please confirm that a postal card is 3 inches x 5 inches and is smaller than the maximum 4 inches x 6 inches allowed at

the post card rate. If you are unable to confirm, please explain.

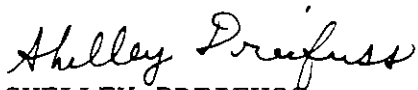
- b. Does the stamp or permit imprint on a postal card limit the space available to the card user? If you are unable to confirm, please explain.
- c. Does the postage on the return half of a double postal card limit the space available for preprinting a courtesy reply or Business Reply response? If you are unable to confirm, please explain.
- d. For the double card, please confirm that on the response half, "the perf/fold is located at the top, not the bottom as USPS itself prefers." USPS LR-SSR-106 at 7.
- e. Since postal cards bear "live" postage, please confirm that large volume users may need to add security measures to prevent postal card theft. If you are unable to confirm, please explain.
- f. Since postal cards bear "live" postage, please confirm that large volume users may need an accounting mechanism to allow for refunds due to postal card spoilage. If you are unable to confirm, please explain.

OCA/USPS-T8-37. The following interrogatory refers to your testimony at 106-07.

- a. Please confirm that the postal card manufacturing costs identified in Table XXIX were attributed to postal cards in the years indicated. If you are unable to confirm, explain.
- b. Please confirm that in R94-1, the Commission recommended a cost coverage of 136.7 percent for the post card subclass. If you are unable to confirm, explain.
- c. Please explain why the attributed postal card manufacturing costs, which were marked up in R94-1 such that post cards had a 136.7 percent cost coverage, are now being required to assume an additional cost coverage of 170 percent.
- d. The following refers to OCA/USPS-T8-35(f) and part c of this interrogatory. Please explain why the attributed postal card manufacturing costs should be required to assume an additional cost coverage of 224 percent versus the 136.7 percent recommended in R94-1.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 3.B(3) of the special rules of practice.


SHELLEY DREIFUSS
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Washington, DC 20268-0001
July 26, 1996